



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CAC 212
COURSE TITLE : Audit Skills
SPECIAL REQUIREMENTS : NONE
DURATION : 3 Hours
LEVEL : 2.1
DATE : 09 APR 2025

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed.
3. Answer ALL questions in both Section A and Section B.
4. The number of marks for each question or part question is shown in brackets
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5. Begin each answer on a new page.
6. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

SECTION A (20 Marks)

ANSWER ALL QUESTIONS (Each question carries 2 Marks)

SELECT THE MOST APPROPRIATE ANSWER

1. An example of a self-review threat is?

- A. An auditor who holds shares in the company which they are auditing.
- B. An auditor who implements an accounting system for an audit client
- C. An auditor who prepares tax returns for clients other than audit client
- D. An auditor who speaks on behalf of a client at a tax investigation

2. Which of the following sets directors pay?

- A. The nominations committee
- B. The fair pay commission
- C. The remuneration committee
- D. The directors emoluments committee

3. Corporate governance is a crucial element in how companies should be run. Which of the following has ultimate responsibility for Corporate Governance within an organisation?

- A. The external Auditor
- B. The Internal audit function
- C. The board of directors
- D. The shareholders

4. Which of the following is considered low balling?

- A. Offering the audit at an artificially high fee to ensure that a good margin is made on the fee
- B. Offering the client tax services only
- C. Offering the audit an artificially low fee in order to get the work before increasing fees later or offering other services to the client
- D. Offering the client a low fee in the hope that they will tell others and increase the auditor's client base.

5. The audit plan sets out the overall scope and directions of the audit but does not detail the exact work to be carried out.

- A. True
- B. False
- C. All of the above
- D. None of the above

6. Which of the following is a major purpose of performing analytical procedures in internal audits?

- A. To perform additional audit procedures
- B. To plan the audit engagement
- C. To obtain audit evidence
- D. To study relationships among elements of information

7. Which of the following are the assertions for transactions and events?

- A. Occurrence, Completeness, Accuracy, Cut off and Classification
- B. Existence, Rights and Obligations, Completeness and Valuation
- C. Occurrence, Rights and Obligations, Completeness, Valuation, Allocation and Classification/Understandability
- D. None of the above

8. Auditors of a public company are appointed by which party?

- A. Audit committee
- B. Directors
- C. Shareholders
- D. Financial controller

9. Which of the following procedures could be used by the auditor to verify completeness of non-current assets?

- A. For a sample of the assets in the fixed asset register, physically inspect them
- B. For a sample of assets observed in the client premises, trace to the fixed asset register
- C. Re-perform the depreciation calculation
- D. Observe the condition of a sample of assets to ensure they are not impaired.

10. Which of the following describes detection risk in the auditor undertaking an assignment?

- A. The risk of a misstatement due to failure of controls
- B. The risk that the auditor fails to detect misstatement in the financial statements
- C. The risks inherent in that particular business or the risk in a business if there were no controls in place
- D. None of the above

SECTION B (80 Marks)

ANSWER ALL QUESTIONS

QUESTION 2

Audits of large companies are known to be performed by external auditors and yet the purpose of an external audit and its role are not well understood by many. Your audit partner has asked you to hold a workshop for the benefit of the University students on attachment to deal with these issues and audit procedures and processes in the audit of large companies.

Required

a) Describe and explain the main limitation of the internal audit function and eight typical issues or matters that should be taken into consideration to enable or persuade the external auditor to rely on the work of internal audit. **(10 Marks)**

b) Explain the fundamental principles set out in IFACs Code of Ethics and Conduct.

(10 Marks)

Auditors are supposed to be independent in mind and appearance if their reports are to bring value to shareholders.

Required

b) Explain how the Companies and other business Act endeavors to enhance this independence.

(10 Marks)

[Total 30 Marks]

QUESTION 3

When planning and performing audit procedures and in evaluating and reporting the results thereof, the auditor must be fully aware that noncompliance with laws and regulations by the entity may materially affect the financial statements.

Required

c) Distinguish the responsibilities of management and the auditor with regards to compliance with laws and regulations. **(10 Marks)**

SECTION B (80 Marks)

ANSWER ALL QUESTIONS

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c) Distinguish the responsibilities of management and the auditor with regards to compliance with laws and regulations. **(10 Marks)**

d) Explain how management can ensure that there is compliance with laws and regulations within the entity. (10 Marks)

[Total 20 Marks]

QUESTION 4

One of the reasons why auditors cannot give an absolute assurance as to whether the financial statements would be free from material misstatements is the issue of sampling

Required

a) Explain any five (5) factors which would influence the auditor to sample or not.

(10 Marks)

b) State the procedures that audit firms engage in to ensure that all audits are conducted in accordance with ISAs or relevant national standards.

(10 Marks)

[Total 20 Marks]

QUESTION 5

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objective by bringing a systematic, disciplined approach to evaluate the effectiveness of risk management.

Required

Contrast the role of internal and external auditors.

(10 Marks)

[Total 80 Marks]

END OF EXAMINATION QUESTION PAPER